



Highlights of [GAO-06-1130T](#), a testimony to the Committee on Government Reform, House of Representatives

Why GAO Did This Study

The United States, along with its coalition partners and various international organizations, has undertaken a challenging, complex, and costly effort to stabilize and rebuild Iraq. The Department of Defense (DOD) has responsibility for a significant portion of the reconstruction effort.

Amid signs of progress, the coalition faces numerous political, security, and economic challenges in rebuilding Iraq. Within this environment, many reconstruction projects have fallen short of expectations, resulting in increased costs, schedule delays, reduced scopes of work, and in some cases project cancellations.

This testimony (1) discusses the overall progress that has been made in rebuilding Iraq and (2) describes challenges faced by DOD in achieving successful outcomes on individual projects.

This testimony reflects our reviews of reconstruction and DOD contract management issues, as well as work of the Special Inspector General for Iraq Reconstruction.

In our previous reports, we have made several recommendations to improve outcomes in Iraq. DOD generally agreed with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-1130T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine V. Schinasi at (202) 512-4841 or schinasi@gao.gov.

REBUILDING IRAQ

Continued Progress Requires Overcoming Contract Management Challenges

What GAO Found

Overall, the United States generally has not met its goals for reconstruction activities in Iraq with respect to the oil, electricity, and water sectors. As of August 2006, oil production is below the prewar level, and the restoration of electricity and new or restored water treatment capacity remain below stated goals. One-third of DOD's planned construction work still needs to be completed and some work is not planned for completion until late 2008. Continuing violence in the region is one of the reasons that DOD is having difficulty achieving its goals.

The contracting challenges encountered in Iraq are emblematic of systemic issues faced by DOD. When setting requirements for work to be done, DOD made assumptions about funding and time frames that later proved to be unfounded. The failure to define realistic requirements has had a cascading effect on contracts and has made it difficult to take subsequent steps to get successful outcomes. For example, in the absence of settled requirements, agencies sometimes rely on what are known as undefinitized contract actions, which can leave the government exposed to increased costs. Further, DOD lacked the capacity to provide effective oversight and manage risks. We also found that DOD, at times, improperly used interagency contracts and was not able to take advantage of full and open competition during the initial stages of reconstruction. Just as multiple factors contribute to success or failure, multiple actors play a role in achieving successful acquisition outcomes, including policy makers, program managers, contracting officers, and the contractors themselves.